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WASHINGTON, D.C. 20006-4103
202-296-8600

February 26, 1997

VIA HAND DELIVERY

Vernon A. Williams
Secretary
Surface Transportation Board
12th Street and Constitution Avenue, N.W.
Washington, D.C. 20423

Attention: Janice Fort, Room 2311

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. §11301(a) are three original executed copies and one photostatic copy of a Second Supplement to Security Agreement-Chattel Mortgage, dated as of February 26, 1997 (the "Second Supplement"), relating to the Security Agreement-Chattel Mortgage, dated as of June 14, 1996, between JAIX Leasing Company (the "Borrower") and NationsBanc Leasing Corporation of North Carolina (the "Lender"), duly recorded and filed with the Surface Transportation Board pursuant to 49 U.S.C. §11301 on June 14, 1996 under Recordation Number 20141, which Second Supplement is a secondary document as defined in the Commission's Rules for the Recordation of Documents.

The names and addresses of the parties to the enclosed document are:

Lender: NationsBanc Leasing Corporation of
North Carolina
101 South Tryon Street
NC1-002-38-20
Charlotte, North Carolina 28255

Borrower: JAIX Leasing Company
980 North Michigan Avenue
Suite 1000
Chicago, Illinois 60610

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Vernon A. Williams
February 26, 1997
Page 2

A description of the railroad equipment covered by the enclosed document is set forth in the Second Supplement.

Also enclosed is a check in the amount of \$22.00 payable to the order of the Surface Transportation Board covering the required recordation fee.

Kindly return two stamped original and one stamped photostatic copies of the enclosed document and the stamped photostatic copy of this letter to Susan F. Lifvendahl at Ross & Hardies, 150 North Michigan Avenue, Suite 2500, Chicago, Illinois 60601.

Following is a short summary of the enclosed document and primary document to which it relates:

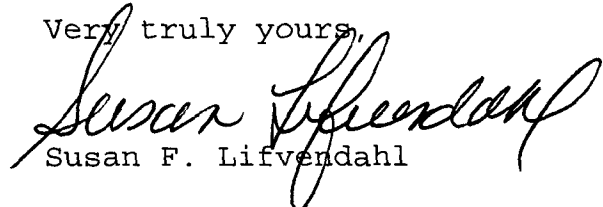
Document to be Recorded

Second Supplement to Security Agreement-Chattel Mortgage, dated as of February 26, 1997, between JAIX Leasing Company and NationsBanc Leasing Corporation of North Carolina.

Primary Document to Which it Relates

Security Agreement-Chattel Mortgage, dated as of June 14, 1996, between JAIX Leasing Company, as Borrower, and NationsBanc Leasing Corporation of North Carolina, as Lender, recorded and filed with the Surface Transportation Board pursuant to 49 U.S.C. §11301 under Recordation Number 20141.

Very truly yours,


Susan F. Lifvendahl

SFL/ja
w/encl.

cc: (w/o encl.) David W. Riesmeyer
Kent Davis Jones
Robert W. Kleinman
Susan G. Lichtenfeld

SURFACE TRANSPORTATION BOARD
WASHINGTON, D.C. 20425-0001

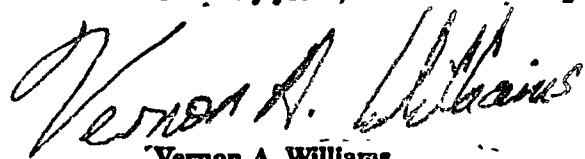
3/3/97

Ross & Hardies
150 North Michigan Avenue
Chicago, Illinois 60601-7567

Dear :Madam:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 2/27/97 at 2:50PM , and assigned recordation number(s). 20141-D.

Sincerely yours,


Vernon A. Williams
Secretary

Enclosure(s)

\$ 24.00 The amount indicated at the left has been received in payment of a fee in connection with a document filed on the date shown. This receipt is issued for the amount paid and in no way indicates acknowledgment that the fee paid is correct. This is accepted subject to review of the document which has been assigned the transaction number corresponding to the one typed on this receipt. In the event of an error or any questions concerning this fee, you will receive a notification after the Commission has had an opportunity to examine your document.

Signature



SECOND SUPPLEMENT TO SECURITY AGREEMENT-CHATTEL MORTGAGE

THIS SECOND SUPPLEMENT TO SECURITY AGREEMENT-CHATTEL MORTGAGE (this "Second Supplement") dated as of February 27, 1997, (the "Amendment") is by and between NATIONSBANC LEASING CORPORATION OF NORTH CAROLINA, a North Carolina corporation ("Lender") and JAIX LEASING COMPANY, a Delaware corporation (the "Borrower").

RECITALS

WHEREAS, the Borrower and Lender entered into that certain Term Loan Agreement, dated as of June 14, 1996 as amended by that First Amendment to Term Loan Agreement, dated as of December 31, 1996, and that Second Amendment to Term Loan Agreement, of even date herewith (together, the "Loan Agreement"; all terms not defined herein shall have the meanings given them in the Loan Agreement, as amended) whereby Lender agreed to multiple loans to the Borrower in the amount set forth in the Loan Agreement (the "Loan Agreement") evidenced by multiple secured promissory notes (the "Notes"); and

WHEREAS, in connection with the Loan Agreement, the Lender and the Borrower have entered into that certain Security Agreement-Chattel Mortgage, dated as of June 14, 1996 (as the same may be amended from time to time, the "Security Agreement") pursuant to which the Borrower granted to Lender a first priority security interest in all of Borrower's right, title and interest in and to certain equipment the ("Equipment") as security for the obligations of the Borrower under the Loan Agreement, the Security Agreement and the Notes; and

WHEREAS, the Borrower has requested and the Lender has agreed that in consideration of an increase in the Loan Amount by Lender, the Borrower shall grant a security interest in certain additional equipment; and

WHEREAS, the Lender and Borrower desire to amend the Security Agreement as more specifically set forth hereinafter;

NOW, THEREFORE, in consideration of the agreement hereinafter set forth and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Recital A of the Security Agreement is hereby amended and restated in its entirety to read as follows:

"A. Pursuant to Section 2.01 of the Loan Agreement, as amended, and subject to the conditions therein set forth, the Lender has agreed to make a loan to the Debtor in the aggregate principal amount of Forty Eight Million Five Hundred Thirteen Thousand Seven Hundred Fifty and No/100 Dollars (\$48,513,750.00) (the "Secured Loan") in multiple

advances evidenced by a Series A secured promissory note, a Series B secured promissory note and a Series C secured promissory note, each executed by the Debtor in favor of the Lender or its registered assigns."

2. Clause (i) of Paragraph 2.03(a) is hereby amended by inserting, prior to the second parenthetical, the following:

"including, without limitation, that certain Railroad Equipment Lease, by and between North American Rails Leasing Corporation and South Carolina Public Service Authority (Santee Cooper) dated July 15, 1996."

3. Exhibit A to the Security Agreement is hereby amended by adding the following railcars to the end thereof:

"380 118 Ton Aeroflo Auto-Flood Coal Cars, numbers SEFX 96001 - SEFX 96380, Inclusive"

4. Except as expressly amended hereby, the Security Agreement shall continue in full force and effect.

5. This Second Supplement may be executed and delivered in any number of counterparts, each of which shall constitute an original, but all of which together shall constitute but one and the same document.

IN WITNESS WHEREOF, the parties hereto have caused this Second Supplement to be executed by their duly authorized officers, all as of the day and year first above written.

LENDER:

NATIONSBANC LEASING CORPORATION
OF NORTH CAROLINA

By: George L. Robinson, Jr.
Printed Name: GEORGE L. ROBINSON, JR.
Title: SENIOR VICE PRESIDENT

BORROWER:

JAIX LEASING COMPANY

By: _____
Printed Name: _____
Title: _____

IN WITNESS WHEREOF, the parties hereto have caused this
Second Supplement to be executed by their duly authorized
officers, all as of the day and year first above written.

LENDER:
NATIONSBANC LEASING CORPORATION
OF NORTH CAROLINA

By: _____
Printed Name: _____
Title: _____

BORROWER:
JAIX LEASING COMPANY

By:  _____
Printed Name: _____
Title: _____

David W. Riesmeyer
Treasurer
JAIX Leasing Company

STATE OF NORTH CAROLINA

COUNTY OF MECKLENBURG

I, Willie H. Robinson, Jr., a Notary Public of the aforesaid County and State, do hereby certify that George L. Robinson, Jr. personally appeared before me this day and acknowledged that (s)he is the Sr. Vice President of NATIONS BANC LEASING CORPORATION OF NORTH CAROLINA, a North Carolina corporation, and that by authority duly given and as an act of the corporation, the foregoing instrument was signed in its name by him/her as its Sr. Vice President.

Witness my hand and notarial seal this 24th day of February, 1997.

[STAMP/SEAL]

Willie H. Robinson, Jr.
Notary Public

My Commission Expires:

2-16-98

STATE OF ILLINOIS

COUNTY OF COOK

I, _____, a Notary Public of the aforesaid County and State, do hereby certify that _____ personally appeared before me this day and acknowledged that (s)he is the _____ of JAIX LEASING COMPANY, a Delaware corporation, and that by authority duly given and as an act of the corporation, the foregoing instrument was signed in its name by him/her as its _____.

Witness my hand and notarial seal this ____ day of February, 1997.

[STAMP/SEAL]

Notary Public

My Commission Expires:

